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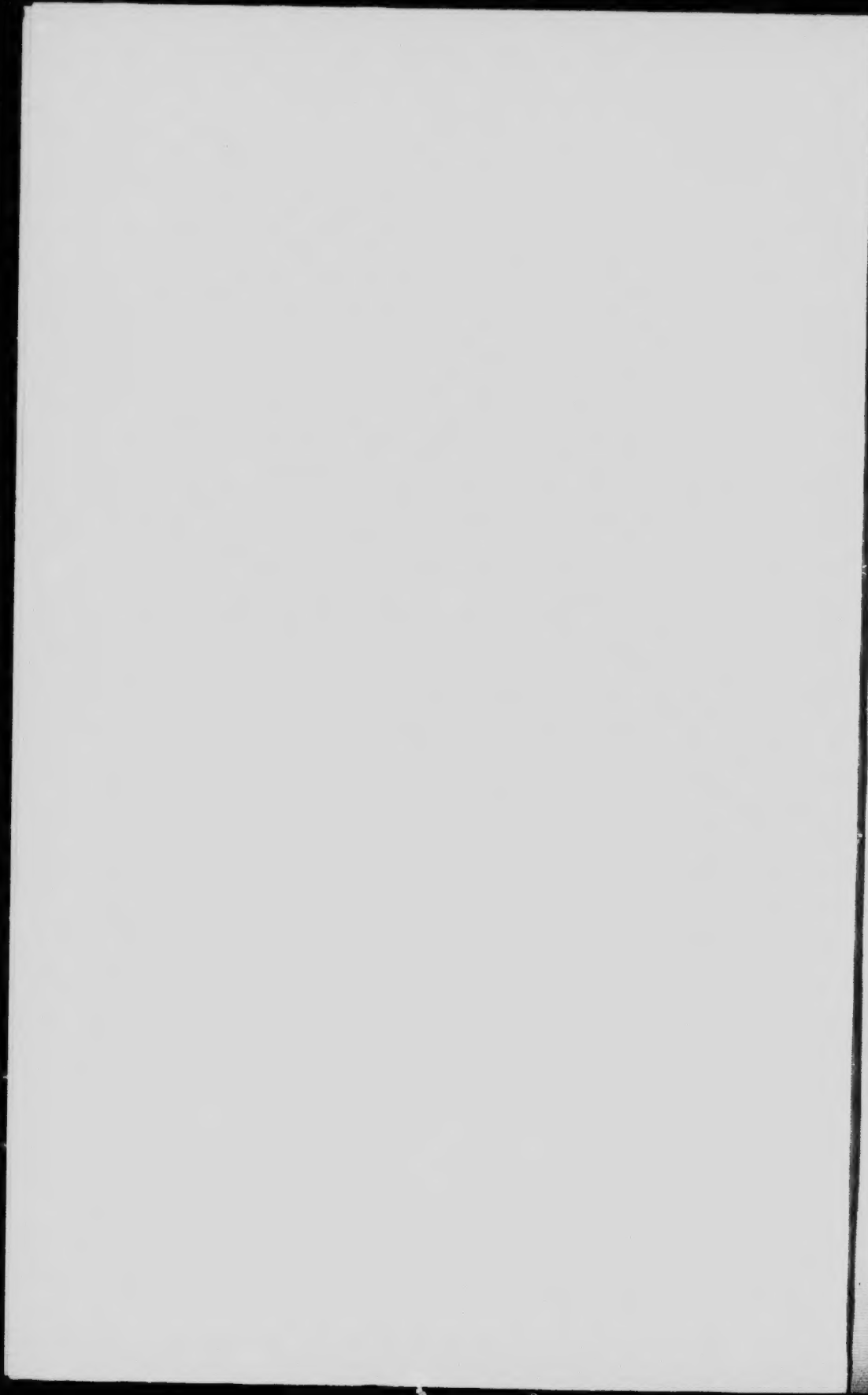
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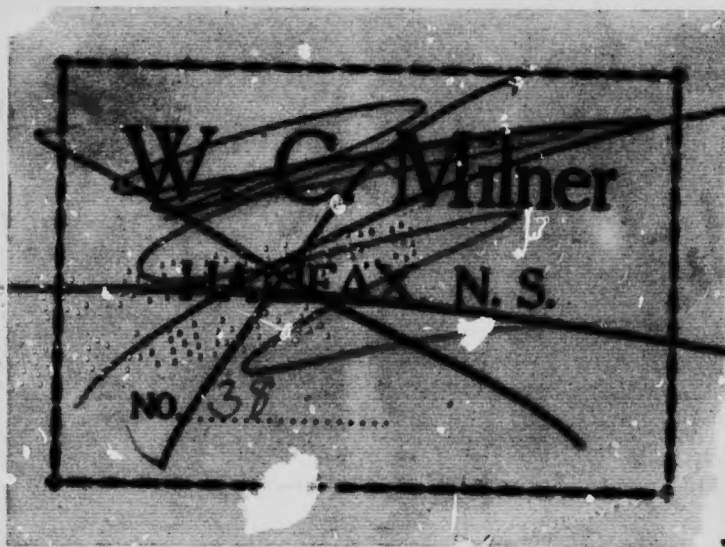
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The National Transcontinental Railway's Prospective Atlantic Ports.



**F. B. McCURDY, M. P.
SHELburne - QUEENS**

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**The National
Transcontinental Railway's
Prospective Atlantic
Ports.**



From "HALIFAX HERALD"

(Oct. 15, 1912)

At the first meeting for the season of the Dartmouth board of trade, a large number of members were present to greet F. B. McCurdy, M. P., who was the speaker of the evening. President Pyke introduced Mr. McCurdy, who he said all present would agree was one of the strongest promoters of the industrial life of the city and province. Mr. McCurdy's subject was "The Grand Trunk Pacific." He began by speaking of the diversion of traffic to the United States. He said:—

"THRU no fault of its own the Borden administration has to face a grave condition of things on the new Transcontinental railway. The subject is of such importance to Canadians generally and the maritime provinces particularly that I am sure you will allow a brief outline of it.

As everyone knows, the Laurier administration undertook to build at the public expense about one-half of the Transcontinental, namely, the section, 1,800 miles long, from Winnipeg to Moncton. This portion is to be taken over after an interval of some years by the Grand Trunk Pacific company which will pay a rental of 3 per cent. per annum on cost. The cost was roughly estimated at \$54,000,000, but in all probability it will amount to \$200,000,000 or more by the time the company begins paying rent, for, of course, interest must be added till then and after that we shall lose by it, inasmuch as the borrowed money we are putting into it is costing us more than 3 per cent. (See estimate of chief engineer laid before the house by Mr. Cochrane, February 14, 1912.)

**THE FUNCTION
OF THE ROAD**

The purpose of the Laurier administration in launching the Transcontinental or Grand Trunk Pacific and more especially in building the section from Winnipeg to Moncton, is set forth at length in the acts of parliament. It was to open new territory in the west and ensure the transportation of western freight thru Canadian channels to Canadian ports—this is, to Montreal and Quebec in summer, St. John or Halifax in winter. To be sure, this applied only to "unrouted" freight. If the western shipper chose to book his export grain to Portland in Maine, to Portland it would have to go.

Parliament suspected, however, that the Grand Trunk, the parent company, might endeavor to divert the unrouted traffic to Portland, so at that time Mr. Borden moved that it should be made a party to the covenant in order that all such traffic should be taken to Canadian ports. But by a party vote, that provision was voted down.

PORTLAND AS A WINTER TERMINAL

Sixty years ago, when the Grand Trunk was built, it was obliged to make its winter port at Portland. There was no help for it then because at that time the Intercolonial had not been constructed and the maritime provinces were separate colonies having no connection, beyond the British flag they flew in common, with upper and lower Canada, where the Grand Trunk was situated. Consequently no sensible person blames the Grand Trunk for going to Portland in 1854 or for remaining there ever since, altho we are all aware what a tremendous loss the diversion of Canadian traffic to Portland has inflicted, is inflicting, and must continue to inflict upon the Canada of yesterday, today and tomorrow ; more particularly upon the maritime provinces.

THE ARRANGEMENTS WITH NEW ENGLAND

The unpaid loans and other aids which were granted by the government of the old provinces of Canada to the Grand Trunk were quite insignificant by the side of our present cash investment and government guarantees in behalf of the Grand Trunk Pacific. Yet here is the Grand Trunk preparing to divert the western traffic of the Grand Trunk Pacific from Cochrane over the Temiskaming to its Canada Atlantic and Central Vermont divisions, and thence, not to Portland, but, what is the same thing so far as we are concerned, to Providence in the state of Rhode Island. Boston is trying hard to secure all, or a share of it, and may succeed. No secret is made of this bold scheme. The Grand Trunk has perfected arrangements with the Rhode Island legislature and the railway commission of Massachusetts for building an extension from its Central Vermont line to Providence, and has promised the Providence chamber of commerce to establish a steamship line between that port and England for the transport of our western grain across the Atlantic

The Grand Trunk Railway hopes, further, to be able to carry back New England factory goods to the western Canadian settler. In any event, as return freight it can take New England goods up to its main line in Canada for transmission to the western states.

The reason given by the Grand Trunk for going to Providence or Boston in place of Portland is that there are heavy grades to Portland, and that it is necessary to provide new business for its Canada Atlantic and Central Vermont divisions, hitherto, as the reports show, operated at a loss.

WOULD THE AMERICANS ALLOW IT?

Suppose the United States congress were to spend \$200,000,000 on a Transcontinental road, can anyone imagine that it would allow the traffic to be diverted for nearly half the year to a Canadian port on the Pacific? Can anyone believe that parliament would have approved of the Grand Trunk Pacific project if it had thought for a moment that Providence or Boston was to be built up at the expense of St. John and Halifax? For reasons which need not be discussed here, the maritime provinces have since confederation, not fared any too well, and is it honest to them who must bear their share of the public burden involved by the construction of the eastern end of the Grand Trunk Pacific, that they should be treated in this fashion?

The United States' spending \$350,000,000 on the Panama canal. Let me ask you again if congress would tolerate that the traffic of the canal which, relatively speaking, is costing out of sight less to the American taxpayer than the construction of the Winnipeg-Moncton section to the Canadian taxpayer, should be diverted in whole or in part to Vancouver or Victoria, assuming that were feasible?

THE MAIN QUESTION AT ISSUE

Once the route from Cochrane to Providence by way of North Bay is open, the Grand Trunk and Grand Trunk Pacific will not, it seems to me, have any interest in operating the road from Cochrane to Moncton, and they will be tempted to throw that stretch of 1,000 miles of "dead horse" on the government's hands, more particularly in view of the enormous difference between the Laurier government's estimate and the actual cost of the section from Winnipeg to Moncton; as well as of the fact that the division between Quebec and Moncton will have to compete neck and neck with the Intercolonial, a railway with no dividends to pay. I am not saying that the Grand Trunk Pacific company will deliberately repudiate that part of its bargain, but merely that it will be under a strong temptation to do so.

That, however, though a grave enough consideration, is only a secondary one. The main question is whether Canada can afford to let its freight be sent in winter, not to Portland alone, but to Providence or Boston, while Halifax and St. John are given the go-by. What has Boston or Providence done for us that we should do so much for them?

A DREADFUL MUDDLE MADE OF IT

Let me ask you to note what a fearful mess has been made of the Transcontinental:—

(a) The leader of the late government put the cost of the section from Winnipeg to Moncton at \$30,000 a mile or \$54,000,000 in all.

(b) Mr. Fielding, then minister of finance, was sure this was an accurate estimate, and, you will recollect, reckoned that a lump sum of \$13,800,000, or, as he said, less than a single year's surplus, would be sufficient to pay such interest on the cost of that section as the government would be called on to pay, together with the government's portion of the interest on the cost of the western and Rocky Mountain sections.

(c) As a matter of fact, leaving the interest aside, we have already had to accept a judgment of the judicial committee in England, ordering us to pay upwards of \$10,000,000 to the Grand Trunk Pacific as representing the difference between the par or face value of the bonds we guaranteed on the western section and the price they brought in the London market. Parliament was warned by Mr. Barker, M. P., and others, that this would probably be the case, but did nothing to put the meaning of the guarantee beyond such a risk, altho the addition of ten words would have done it, and each word, as you see, would have been worth a million dollars to us.

(d) As a matter of fact, too, the cost of the government section will be well on to four times \$54,000,000, if not more. And, to crown all by its failure to bring the Grand Trunk into the covenant pledging the Grand Trunk Pacific not to divert unrouted traffic to American ports, the way is left open for the Grand Trunk to divert that traffic and bring it about that the Grand Trunk Pacific, our national line, shall serve American, rather than Canadian interests. As a Canadian undertaking it will start with its throat cut in behalf of Providence or Boston.

(e) As for the interest account, which Mr. Fielding in his innocence said would not amount, all told, to more than \$13,800,000, it is thus set forth by the minister of railways and the officials under him (Hansard, February 14, 1912, page 3187):—

Interest on expenditure on eastern section at 3 p. c.	
to December 31, 1913, when that section may	
be completed.....	\$14,000,000
Further interest till section is taken over by the	
company in 1920	39,000,000
Interest on betterments during that period.....	900,000
	\$53,900,000

Or actually as much as the first estimate of our entire outlay. Of course, if in view of the tremendously enhanced cost the company refuses to take over that portion of the eastern section lying east of Cochrane, the interest account will be enormously swollen.

With the interest which we may have to pay on account of our guarantee on the western section between Winnipeg and the Pacific, I cannot deal till the future reveals our liability. But here on the eastern section alone the interest is overwhelmingly greater than Mr. Fielding's calculation; and, as said, if the country should be saddled with the 1,000 miles of road between Cochrane and Moncton, Heaven knows what we shall have to pay before, if ever, it meets its operating expenses with enough left over for interest on the capital sunk.

NOT A PARTY MATTER AT ALL

Altho the responsibility for this amazing mismanagement will be placed by the public where it rightfully belongs, I beg you to note that this is not a party affair, so far at least as maritime people are concerned. They are organizing a "boom" in New Brunswick, and I wish it well, but, with all respect, they would be better employed in arranging for a day of prayer and humiliation, of sackcloth and ashes, if the traffic of the west is to go to Boston; for they must pay their share for all time of the cost of constructing the Grand Trunk Pacific whilst Boston, of course, goes free. Here in Halifax we are contemplating the establishment of a fast steamship service to Liverpool, but, on the other hand, this our national railway is to contribute at our expense to the establishment of a steamship service, fast or otherwise, from a New England port.

THE REMEDY THAT IS PROPOSED

Fortunately, Mr. Borden has it in his power, at least so I venture to think to prevent so flagrant an outrage. If he tells the Grand Trunk, and tells it plainly, that the diversion is contrary to public policy, the Grand Trunk will think twice before proceeding with the diversion. It could not afford to offend the government and country, for it is always coming to parliament for legislation and there would be nothing easier than for parliament to refuse to pass it. Parliament held up certain Grand Trunk legislation for a while last winter because Mr. Hays had broken his pledge to take back a number of employees who had gone on strike a year ago or more. He gave that pledge first of all to Sir Wilfrid Laurier and Mackenzie King, and then to Mr. Crothers, and in each instance violated it. If the Borden government acted properly in that case, who shall condemn it if hereafter it holds up all Grand Trunk legislation whatsoever, assuming the Grand Trunk takes from Canadian ports the traffic that rightfully belongs to them?

Are we maritime people going to tolerate such double-dealing, such utter lack of patriotism as well as of common decency?

Shall we permit this gross fraud upon Canada at large and upon the maritime provinces in particular to be perpetrated without protest under our very eyes?

As I have just stated, the acts of 1903-4 launching the Transcontinental together with the agreement between the crown and the Grand Trunk Pacific company, are very precise in defining the thoroly Canadian character of the road. To use the exact words of the preamble, it was to "promote the internal and foreign trade of Canada and to develop commerce thru Canadian ports"—not thru American ports.

HARD AND FAST PROVISIONS

Section 42 repeats that the aid granted to the company by the government of Canada is granted "for the express purpose of encouraging the development of Canadian trade and the transportation of goods thru Canadian channels." On that understanding the company accepts the aid and agrees "that all freight originating on the line of the railway or its branches, not specially routed otherwise by the shipper, shall, when destined for points in Canada, be carried entirely on Canadian territory;" while the export traffic not specially routed otherwise, "shall be carried to Canadian ocean ports." Further by section 43, the company promises "not in any manner within its powers to directly or indirectly advise or encourage the transportation of such freight by routes other than those above provided;" on the contrary, "it will, in all respects, in good faith, use its utmost endeavors to fulfil the condition upon which public aid is granted, namely, the development of trade thru Canadian channels and Canadian ocean ports." Could anything be more explicit?

Parliament thought the company might try to get out of its obligation to carry all unrouted freight to Canadian ports on the plea that there was not sufficient shipping at Halifax or St. John. So it was enacted by section 45 of the agreement that the company should provide by purchase, charter, or otherwise "shipping connections upon both the Atlantic and Pacific oceans sufficient in tonnage and in number of sailings to take care of and transport all its traffic, both inward and outward, at such ocean ports within Canada as may be agreed upon from time to time; and the company shall not divert, or, so far as it can lawfully prevent, permit to be diverted to ports outside of Canada any traffic which it can lawfully influence or control, upon the ground that there is not a sufficient amount of shipping to transport such traffic from or to such Canadian ocean ports." It was further agreed (section 42), that the rate on export traffic to Canadian ports by the Grand Trunk Pacific should at no time be greater than the rate from the same point of origin in Canada to American ocean ports.

AN APPEAL TO GOOD CANADIANS

I have always thought that it was to approve the making of the Grand Trunk Pacific contract with its prospect of bringing a Transcontinental into Nova Scotia (we had never heretofore had one), that Nova Scotia sent back a solid delegation of 18 members to support the government who made that contract.

On June 30th, 1903, in introducing the Grand Trunk Pacific bill, Sir Wilfrid Laurier in the course of a rousing "All Canadian" speech said: "Now, sir, we lay it down as a principle upon which we are to be judged by friend and foe that we are to have a transcontinental railway, that its terminus must be in Canadian waters, and that the whole line, every inch of it, must be in Canadian territory. We say further that such a line is a necessity of our commercial independence. If we have gone into this contract our intention has been, as stated in the preamble to force traffic in Canadian channels and thru Canadian ports."

The managers of the Grand Trunk Pacific must have laughed in their sleeves while parliament was legislating in favor of St. John and Halifax being the winter ports of the Grand Trunk Pacific. They apparently from the beginning, contemplated leaving us in the lurch and carrying the traffic to the United States.

They in 1910 obtained a charter from the Rhode Island legislature for the Southern New England railway, a road which is to run from a point known as Palmer on the Central Vermont, likewise a Grand Trunk road, to Providence. The incorporators of the southern New England were Charles M. Hays, vice-president, E. H. Fitzhugh of the Grand Trunk, and several officers of the Central Vermont, with some local men.

Here I must diverge for a moment to let you know how singularly these Grand Trunk gentlemen undervalue the intelligence of the Canadian people. A few months ago, when parliament was sitting, they assured the reporters of two Ottawa newspapers (the Citizen and Free Press), that they had no thought of conveying Canadian traffic to Providence—They were making connection with Providence merely in order that they might haul New England factory goods up to the Grand Trunk main line at Coteau Junction for dispatch to the western states. Then why on earth are they tapping the Transcontinental at Cochrane, which is several hundred miles north of Coteau Junction?

I need scarcely say that they tell a very different story, indeed in New England. When the Southern New England bill was before the committee on corporations of the Rhode Island legislature on March 11th, 1910, John F. Murdock, of Providence, who was Mr. Hays' attorney, made a clean breast of Mr. Hays intentions.

THE ATLANTIC SERVICE AT PROVIDENCE

It was Mr. Hays' desire, Mr. Murdock said to give New England in general and Providence in particular direct connection with the vast wheat-fields of the Canadian west. "We have in Providence," added Mr. Murdock, "what we believe to be one of the finest harbors on the Atlantic coast. Mr. Hays and his associates believe that when that territory is developed they will have need of more ports than they now possess **to take care of the grain that is coming out of that wonderful country.** In addition to Portland, they have Montreal, but Montreal is closed during a large part of the year. Then they have New London, Connecticut, the terminus of their Central Vermont line. But they desire an entrance to a port which is in the center of a large population, which is in a growing country; and such a port we of Providence have to offer. Mr. Hays and Mr. Fitzhugh believe in the future of New England"—**not a word about the future of Nova Scotia and New Brunswick**—"and they believe that by handling this line they will do their part towards enabling New England to maintain her supremacy as an industrial center. I am authorized to state that if we in Providence can offer adequate harbor facilities, if the improvements now projected in the harbor are carried to completion, that when this line is built we shall have a Trans-Atlantic service running from Providence to Europe as a Southern New England or Grand Trunk enterprise."

The Southern New England railway act authorizes that corporation, which, as said, is but the Grand Trunk under another name, to build or acquire docks, wharves and elevators at Providence for the purpose of handling the grain of the Canadian west en route to Europe.

CONNECTING NEW ENGLAND WITH THE ORIENT

At the same meeting Mr. Loud, general traffic manager of the Grand Trunk, dealt at length with the subject. He described the Canadian west and its rapid development, and after pointing out that it would shortly be the "granary of this continent," dwelt on the further advantages Providence and New England would derive from the Southern New England road in being placed by it in direct connection with Prince Rupert, the Grand Trunk Pacific terminus on the Pacific ocean, and so with China and Japan.

So that, not the traffic of the Canadian west only, but the trade of the Orient is to be made tributary to Providence, so far as the Grand Trunk Pacific can manage it. At a later period Grand Trunk officials appeared at various places in New England with stereopticons, showing views of the Canadian west, of its

wheat and flax, oats and barley, growing in the field ; and then they began to cultivate Boston and such men as Governor Foss and Mayor Fitzgerald, in the hope of inducing them to bid against Providence for the Southern New England road and the control of the winter traffic of our western prairies.

In an interview with Mr. Hays, sent from Montreal to a Providence newspaper, it was stated that the Grand Trunk Atlantic steamship service would be established there by 1914 at latest, and Mr. Wainwright, one of the ablest of Mr. Hays' assistants, is reported by a Providence paper as saying that, altho the Grand Trunk would get a Dominion subsidy if they placed an Atlantic service on a Canadian route, they would nevertheless go ahead with the service between Providence and Liverpool, so that **the grain of the Canadian west might be shipped direct from the wheat fields to the British consumer by the American route.**

For the past two years the Boston no less than the Providence papers have been printing all manner of "boom" stuff for the Grand Trunk or for its alias, the Southern New England, describing the boundless prosperity that awaits that section of the United States when the connection with the Grand Trunk Pacific is completed, and **Canadian grain is rushing from that seaboard for shipment to Europe.**

ALAS FOR CANADIANS

Yet in all the proceedings before the Rhode Island assembly and the Massachusetts railway board, in all their innumerable talks to Providence and Boston newspapers, not one of those gentlemen has ever, so far as I know, made it known that, in the language of the street, they are "playing it low-down" on the Canadian parliament and the people of the maritime provinces. I really believe that if the Americans only knew how we are being victimized some of them at least would say: "What is the use of our entering into a bargain with these Grand Trunk people? They have deliberately broken their word to the government of Canada ; may they not deceive us?"

An English paper, friendly to the Grand Trunk Pacific, goes on to say that "it is not so far from Cochrane to Providence or Boston as to St. John or Halifax, whilst the local traffic in New England, no less than the import traffic likely to be handled, is bound to be much greater than on the route between Cochrane and Halifax." This may or may not be true. But what is it to do with the question? Who granted aid to the Grand Trunk Pacific, Canada or New England? And was not the condition that the unrouted business should be carried to Canadian ports? Would any English authority on law or equity say that a man is justified in breaking an agreement, after getting the other fellow's money, if he fancies he can do better with a third party who has paid him nothing?

THE WORK OF BETRAYAL IN PROGRESS

Meanwhile the arrangements for completing the connection with Providence are proceeding apace. On December 22, 1911, the city council of Providence granted a location on Allen's avenue, in Providence, to the Southern New England railway from a point near the proposed new city dock tide water terminal up Allen's avenue to the proposed new state dock in Providence harbor; and the company is acquiring other property on or adjacent to the harbor. Tenders were called for by the Grand Trunk for the construction of the road bed and structures of the various sections of the Southern New England road. I dare say by this time the contracts have been let and the contractors will shortly be at work.

In conclusion, let me say a word to our friends at St. John. The Dominion government is about to spend a good deal of money in improving Courtenay Bay. The Grand Trunk newspapers point to this as evidence that the wheat of the west is not going to be diverted to New England. On the other hand, the Grand Trunk in behalf of the Southern New England railway, will, I am told, have to spend getting on to \$15,000,000, if not more, before it is properly located at Providence. Over and above the cost of building that road itself, and railway construction in New England entails a heavy outlay, property being dear for one thing, the company will have to duplicate certain parts of the Boston and Maine railway, which the Central Vermont now runs over, but which will not be available hereafter; and then there is sure to be a large expenditure for harbor works and the like at Providence, in addition to the aid given by the local authorities.

Now I put it to the sensible people at St. John:—To which port will the Grand Trunk send the western traffic, to St. John, where it has comparatively little at stake, or to Providence, where it has an investment of 15 or 20 millions to earn dividends on, saying nothing of the far larger sum sunk in its Central Vermont and Canada Atlantic divisions? My own opinion is that if the powers at Ottawa do not intervene, the Grand Trunk will give both those ports the slip and go to Boston if the inducements are sufficient.

Anyhow, it is high time for us of the maritime provinces to act. I am sure Mr. Borden, a maritime man himself, will do his duty in the matter; but it is as well for us to be up and doing in order that this unparalleled crime against a confiding people may be averted before it is too late.



